

LNF & IHCIF Calculations Illustration

- WEWOKA in Oklahoma area -

Given Data

- 11,007 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 10% = % Expenditures on purchased services, 90% = % expenditures in-house
- 94.4% = Cost index for purchasing health care in this geographic area
- 101.3% = Size cost index for in-house costs due to small or large size
- 96.9% = Oklahoma area cost index for health status above or below average

Cost Adjustment Calculations

- \$284 per person for purchased services = $10\% * 94.4\% * \$2,980$
- \$2,714 per person for in-house services = $90\% * 101.3\% * \$2,980$
- \$2,998 per person total = \$284 (purchase) + \$2,714 (in-house)
- **\$2,906 per person total** adjusted for health status = $\$2,998 * 96.9\%$
- **\$2,161 per person net cost** = $\$2,906 - \745 Other resources (M&M&PI)

Existing Expenditures (for 11,007 users excluding wrap-around and collections)

- \$451 per person = local IHS allowance (excludes \$ for wrap-around)
- \$77 per person = expenditures elsewhere in Oklahoma area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$582 per person for OU users** = $\$451 + \$77 + \$54$

LNF Calculation

- **20.0% Gross LNF** = $\$582$ (expenditures) / $\$2,906$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **26.9% Net LNF** = $\$582 / \$2,161$ net cost ($\$2,906 - \745 other)

IHCIF Allocation

- \$7,862,713 = \$ to raise LNF% from 26.9% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$274,251 Allocation** = $\$7,862,713$ needed for 60% * 3.488% IHCIF fraction

WEWOKA Unmet Needs

- **\$23,785,451 Net Total Need** = 11,007 users * \$2,161 net cost
- **\$17,376,894 Net Unmet Need** = $(100\% - 26.9\% \text{ LNF}) * 11,007 \text{ users} * \$2,161 \text{ net cost}$